

## **1990-96 STATEWIDE CAPITAL IMPROVEMENTS PLAN**

### **EXECUTIVE SUMMARY**

#### **THE PLANNING PROCESS**

The Capital Planning Advisory Board, as established by the 1990 General Assembly, held its organizational meeting on November 15, 1990, at which time it reviewed the developments that led to the creation of the Board, discussed generally the actions it would have to take to fulfill its mandates, and asked staff to begin collecting information on capital planning processes used in other states. The Board met again on December 6, 1990, heard recommendations from the Council on Higher Education and the Kentucky Information Systems Commission about elements that these entities believed should be included in a long-range planning process, and appointed a Subcommittee on Process Development to draft recommendations to the full Board on the steps that should be followed during the first statewide capital planning cycle. The Board recognized that for this first planning period it was necessary not only to generate the six-year plan, but also to establish a process whereby the Board and state agencies and universities could collect the information necessary to develop such a plan.

The Subcommittee on Process Development met in December 1990 and January 1991 and formulated general guidelines which could be followed by state agencies and universities in the development of their six-year capital plans. These guidelines were presented as nine recommendations to the full Board for its consideration. At its February 1, 1991 meeting, the Board considered those recommendations and, from them, established guidelines for the first capital planning process. Those guidelines were promulgated as administrative regulations to give them the force of law.

The Board stipulated that the first six-year plan should include a status report of projects authorized by the 1990 General Assembly for the 1990-92 biennium, and a plan for all space and capital needs for the subsequent four fiscal years - 1993-96. Incorporated by reference in the administrative regulations were the detailed guidelines and forms to be used by state agencies and universities in their six-year plan (SYP) submissions. Status information on the 1990-92 projects was submitted on SYP-90 forms. Planning information for 1993-96 capital projects and space needs was summarized on SYP-01 forms, with detail on space and capital construction needs provided on SYP-02 forms and detail on equipment needs provided on SYP-03 forms.

The Board's staff received agency and university capital planning submissions in mid-May. Staff reviewed SYP-90 submissions to ensure that the status information had been provided for all projects authorized by the 1990 General Assembly, and to ensure that all projects added since the 1990 Session had been identified. Staff also reviewed all projects planned for future biennia to ensure that all required information was provided. It then analyzed the agencies' planned projects and developed a summary highlighting each agency's priorities and major categories of projects. On direction from the Board, staff also developed an overview of statewide space needs, based on agency submissions, focusing primarily on office, storage, lab, and court system space.

The Board conducted a two-day meeting in July to review the capital plan submissions and to hear the testimony of representatives of the agencies and universities regarding their planning priorities. After reviewing and studying the space needs and capital plans, the Board adopted a set of Space Management Goals, which established policies to ensure efficient use and effective planning of state property, and priorities to permit least-cost financing of state facilities. In order to address the state's need for consolidation of offices in central locations, long-range planning

for metropolitan areas, and reduction of the state's dependency on leased space, the Board specifically recommended the construction of new state-owned office facilities in Frankfort and Lexington.

## **RECOMMENDATIONS**

### **SPACE MANAGEMENT GOALS FOR THE COMMONWEALTH**

In adopting the following Space Management Goals for statewide capital planning, the Capital Planning Advisory Board recommends that the Goals be incorporated into a bill draft and filed for consideration by the 1992 General Assembly.

1. Establish policies to ensure efficient utilization of state property.
  - a. Require the development of guidelines which set forth space standards and criteria for determining state agencies' space needs, and the maintenance of a current inventory indicating compliance status.
  - b. Require certification of compliance (and/or justification for exceptions) as one criteria for approval of additional space.
2. Establish policy to ensure effective planning for state facilities.
  - a. Develop a long-range plan for the Frankfort area, with priority on reducing dependency on leased space and encouraging the consolidation of agencies' central offices into single locations, as well as co-location of agencies with like functions.
  - b. Develop long-range plans for housing state agencies in major metropolitan areas, with priority attention to appropriate centralization of services and coordination of service delivery systems.
  - c. Encourage major executive agencies to expand their long-range planning activities, consistent with the policies of this Board.
  - d. Support long-range planning for statewide information technology infrastructure to more efficiently deliver state government services.
3. Establish priorities to permit least-cost financing of state facilities.
  - a. Initiate actions necessary to enable the state to utilize innovative methods to lease, purchase, and/or construct necessary facilities.
  - b. Require cost analysis to determine the most effective method of meeting space needs, with consideration for ongoing operations as well as initial acquisition.

### **CONSTRUCTION OF STATE-OWNED OFFICE SPACE IN FRANKLIN AND FAYETTE COUNTIES**

The Board recommends the construction of new state-owned office facilities in Frankfort and Lexington, in accordance with the Board's adopted Space Management Goals.

Frankfort - The Board unanimously adopted a motion to recommend the construction of a 700,000 square foot office building in Frankfort. Specific occupants of the building will be determined after development of a complete consolidation plan which shows which agencies would benefit the most from moving to a new centralized location, and how the vacated space can be used to meet the space needs of other agencies. Also, a complete present value analysis of alternative financing techniques should be conducted to determine the least-cost approach at decision time.

Lexington - The Board unanimously adopted a motion to recommend the construction of a facility in Lexington that will provide needed Judicial space and consolidate all appropriate state and county agency offices. The Board further recommended that alternative financing methods be pursued for this project, including the possibility of a lease/purchase arrangement with Lexington-Fayette Urban County Government.

#### CATEGORIES OF CAPITAL PROJECTS DESERVING SPECIAL EMPHASIS

Through its deliberations, the Board identified categories of projects on which it believes the Commonwealth should place special emphasis. Those categories are as follow:

- Projects which provide for the consolidation of office space.
- Projects which produce a return on the state's investment (e.g., certain parks projects).
- Projects which protect life and safety of users.
- Projects necessary to meet federal mandates.
- Projects which protect the state's investment in its facilities.